State of Wisconsin
Department of Health and Family Services

WISCONSIN

SENIORCARE
Prescription Drugs for Wisconsin Seniors

SeniorCare Demonstration Program
Quarterly Report

State Fiscal Year 2002-03

For the 3rd Quarter - January, February and March 2003

Submitted: May 30, 2003

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Wisconsin SeniorCare Quarterly Report – January, February and March 2003

A. Overview – Summary Of Events

SeniorCare, Wisconsin's prescription drug program for seniors successfully completed another three months of service. All aspects of the program went smoothly with no notable problems in the areas of customer service or provider relations. Minor issues in the prior quarter during implementation were resolved and SeniorCare has very quickly become a stable and routine program.

Enrollment in the program continued to grow with 82,373 participants (all income levels) enrolled in the program as of March 31, 2003. For participants with incomes up to 200% FPL, the upper threshold for participation in the federal waiver, there were 60,538 participants.

Chart 1 shows that about 73% of enrollees are in two lowest income categories, and hence in the waiver and about 27% are in

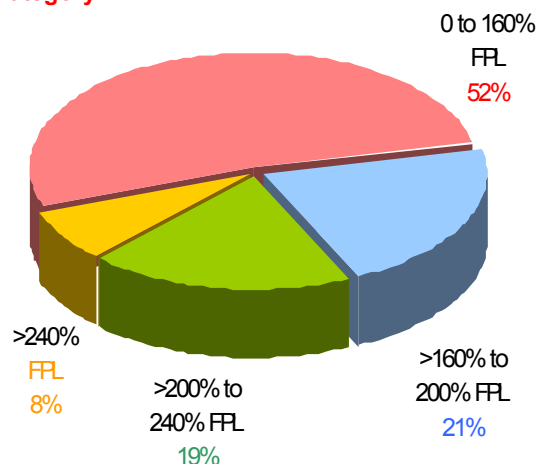**Chart 1: Enrollment Distribution by Income Category**

the state only portion of the program. During the quarter, 6,831 people enrolled in the waiver portion of the program. Benefits payments payable by the state and federal government to pharmacies on behalf of persons enrolled in the waiver portion of the program during the quarter were about $13.9 million. This is well within the budget neutrality threshold for Demonstration year one.[1]

Department staff continued their work in ensuring all aspects of program implementation were completed and that no problems remained unresolved. Currently, there are no remaining problems in the key areas of eligibility determination, customer service, claims processing and payment or program policy.

Throughout the quarter, the Department maintained contact with members of the advisory committee and there were two meetings of the committee, in addition to a special meeting of the committee with the program evaluation team. Information about the program and its progress was provided to a number of groups and individuals on a regular basis.

In summary, during this quarter SeniorCare continued to successfully deliver important health care services to Wisconsin senior citizens in an effective manner. Growth in both enrollment and costs also continued, confirming the importance of the program as a significant financial and health-related benefit for participating Wisconsin seniors.

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[1] For further quantitative information on enrollment, costs and budget neutrality, see Section D and the appendices to this report.

B. Eligibility And Enrollment

Trends to Date
Charts 2 and 3 show the distribution of enrollments by age group and gender respectively. The data on these two charts are for all SeniorCare participants regardless of income level. The proportions do not change significantly if restricted to just the population below 200% FPL.

There are a large proportion of participants aged 85 and older; in fact there are a few people in the program 100 years of age or older. Somewhat surprisingly, costs per Rx are marginally less expensive in each successively older age group. With respect to the male / female distribution shown in Chart 3, the program is serving a higher proportion of female participants which, given the underlying demographics and socioeconomic factors, is to be expected.

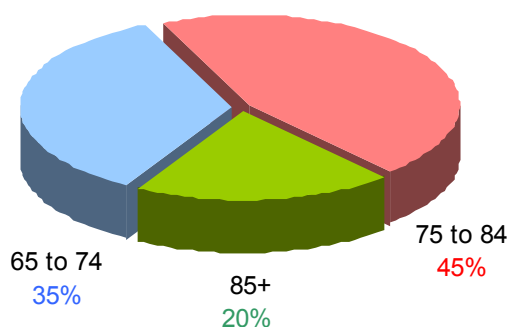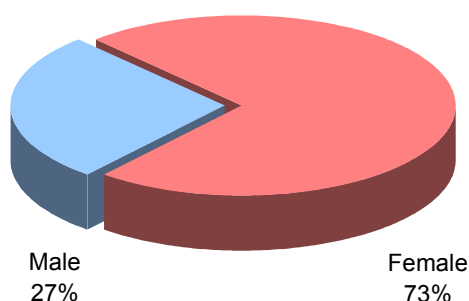**Chart 2: Enrollment Distribution by Age Category**

65 to 74
35%

85+
20%

75 to 84
45%

Chart 3: Enrollment Distribution by Gender Category

Male
27%

Female
73%

Central Application Processing Operation (CAPO)

The main focus of the SeniorCare CAPO during the third quarter of the SeniorCare Program was planning for the upcoming volume production, mailing and processing of the Pre-Printed Renewal Application (PPRA). The SeniorCare benefit period is for 12 months; thus participants who became eligible on the begin date of the program (September 1, 2002) will be required to renew their benefits if they wish to continue to participate. The volume of PPRAs anticipated to be mailed in July for the renewal date of September 1, 2003 is 42,436 Pre-Printed Renewal Applications.

Planning for the PPRA period began as an effort to identify all of the CARES system, operational and communications processes necessary to successfully generate, mail and process the expected volume. We are on schedule with development of the CARES Systems logic changes needed to generate the PPRA's and instructions that will be mailed with them. Close attention has been given to the PPRA for formatting and presentation, to assure ease of completion. Workgroups have also been formed to complete hiring estimates and approvals for the needed temporary employees (LTE's), work on requirements for training LTE's who will be hired to assist with the PPRA volume processing, training Customer Service Hotline Correspondents and providing communications to local agencies and stakeholders. Coordination will continue with the contracted vendors around implementation logistics including space, equipment and systems access.

Application processing in the third quarter of SeniorCare continued under the integrated, dual supervision model consisting of staff from the contracted vendor for provision of customer service,

mail handling, scanning and financial functions. Eligibility Specialists (state staff) continued to do all eligibility determinations for the program.

CAPO has identified the following positive outcomes and improvements made to application processing in the third quarter of the program:

- Refinements in processes required for case problem resolution and invalid applications.
- Policy clarifications on case specific scenarios.
- Systems changes to support processing actions necessary to adhere to policy and administrative rule.
- Transition of the fair hearing process directly to the CAPO Public Workers and Unit Lead with general supervision and final approval of Department responses remaining with Department managers.
- Continued reduction in the average processing time for an application; now 18 days from the date of receipt, which is well within the 30 days allowed by administrative rule.
- Continued analysis of long-term staffing needs.
- Training provided to the Eligibility Specialists regarding the requirements for complying with Health Insurance Portability and Accountability Act (HIPAA) provisions.
- Newly acquired direct access to the State On-Line Query (SOLQ) by the Eligibility Specialist to complete Data Exchange discrepancy resolution relating to Social Security matches received during the initial eligibility process, demographics and benefits received, and for ongoing case management.
- Work on revisions to the SeniorCare application form with a goal of making the form more user friendly, while still

gathering all information needed to correctly determine eligibility.

Further enhancements have also been made to the SeniorCare Customer Service Hotline, including the following:

- Utilizing the call distribution system data to further analyze the call volume related to call type and frequency of call types, to better inform decisions regarding staffing needs.
- Updated the Hotline automated response choices to more effectively manage the volume of calls by call type and to accommodate HIPAA related calls.
- Customer Service Correspondents completed training related to HIPAA requirements, and began providing HIPAA related services to participants.
- Continued to update methods of communication between the Hotline and Eligibility Processing, based on needs identified.

Lessons Learned. The third quarter of operations for the CAPO identified several areas requiring more research and observation to improve the flow, accuracy and consistency of communication and eligibility determination processes:

- Continue to be proactive in providing CAPO workers with more opportunities and training to gain skills that will enhance their ability to complete tasks more independently, efficiently and consistently.
- Continue to work with local agencies when coordinated case management is required.
- Continue to work on the process and flow of case specific information from the Customer Service Hotline to the Eligibility Specialists.

- Continue to provide consistent and accurate information to applicants and participants.
- Continue to communicate program updates to local agencies and stakeholders regarding changes in program requirements.

Training Considerations

- Creation of training curriculum and documents for the PPRA implementation phase, to include Application Processing and Customer Service functions.
- Prepare training related to possible program changes being considered in the biennial budget process.
- Training related to upcoming program changes that could occur if manufacturers do not sign the agreements (affects participants determined eligible at or above 200% FPL).
- Training and information provision to the aging network and the public regarding all upcoming issues, including PPRA, budgetary changes and the manufacturers' rebates.

Scanning Process Transition

The original application-processing model designed for SeniorCare was implemented through a contract with a scanning service already in operation at the state Department of Administration (DOA) with the goal being to select a cost-effective and immediately available vendor. Last fall, DOA informed DHFS that it would be eliminating its scanning service altogether and would be unable to provide this service for SeniorCare as of mid-January, 2003. As a result, during the third quarter DHFS moved this key function from DOA to the Medicaid fiscal agent. With the Medicaid fiscal agent as the scanning vendor, there now exists a greater amount of coordination with the CAPO and financial systems that

were already located with the Medicaid fiscal agent.

The transition was successfully completed after extensive systems and processing testing on January 21, 2003.

Lessons Learned. DHFS staff learned that the scanning process could be improved using updated hardware and software. The new software allows for more sophisticated optical character recognition requiring less manual intervention after scanning.

CARES System Changes

Renewal. During this quarter, DHFS began planning to implement the SeniorCare renewal process. DHFS and their contractors have agreed upon high-level business requirements and design parameters for the renewal process:

1. The CARES System will print a renewal application.
2. The renewal application will print some information provided by the participant at the original application and will have space for the participant to add or change data.
3. The PPRA will be sent out to participants in the month prior to the last month of their 12-month benefit period.
4. Participants will add or change data on the PPRA, sign it and return it to the CAPO.
5. At the CAPO, the PPRA will be scanned, validated, business rules applied to the data received and then transmitted to the CARES In-Box.
6. CAPO workers will use the CARES In-Box function to pull in the data from the PPRA, auto-populate CARES fields, run eligibility, review eligibility results and then confirm that eligibility.

Lessons Learned. The scanning hardware and software, the CARES In-Box and new automated printing software offer DHFS robust solutions to handling numerous renewals in a short time period.

Public Information and Education

Since the full implementation of SeniorCare the Department continues to use several strategies to provide accurate and current program information to participants and the general public. These strategies include continued contact and communication with partner organizations in the aging network, updating and maintenance of the SeniorCare web site and the continued use of the SeniorCare recipient services hotline, which averages 1,500 calls per week.

Quality Assurance

Management Evaluation Quality Control (MEQC): Wisconsin has received approval from CMS to conduct a special evaluation of the streamlined, mail-in application process. In addition, there will be an evaluation of self-declaration of eligibility information and the change reporting policies. A random sample of cases that had SeniorCare benefits approved will have the following eligibility criteria reviewed:

- Residency
- Age
- Citizenship/Immigration Status
- Social Security Number
- Household eligibility information
- Income
- Enrollment Fee

The review process should start in June and be concluded this fall.

Notable Accomplishments

SeniorCare Customer Service and Application Processing. The SeniorCare CAPO has served several thousand SeniorCare applicants and participants. During the January-March 2003 quarter, customer service staff handled over 18,000 phone calls, answering questions about how to apply, where to obtain an application and SeniorCare benefits. The CAPO received over 11,200 applications and public workers confirmed over 10,700 people eligible for the SeniorCare program. The monthly statistics for customer service phone calls, applications received and number of people confirmed eligible is shown in able 1 below.

Table 1 – CAPO Activity Measures

	Jan	Feb	Mar	Tot
Customer Service Phone Calls	7,303	5,607	5,116	18,026
Applications Received	3,940	3,762	3,536	11,238
Number of People Confirmed Eligible*	3,324	3,831	3,605	10,760

*The number of people confirmed eligible represents the number confirmed eligible in the CARES system. After this point in the process, there is still data transfer and processing through the MMIS system before these people will show up in the enrollment data as reported from the SeniorCare "datamart", the source of most of the data in the report.

C. Operations And Administration

- No difficulties or issues were in evidence throughout the entire operations and administration area. The program is well integrated with other operations and is running smoothly.

D. Expenditures And Utilization

In this section, expenditure and utilization data refer to only the waiver eligible participants (those with incomes up to and including 200% FPL) unless otherwise stated. A summary table with SeniorCare numeric information is also provided as an appendix to the report (Appendix 1).

Costs, Utilization and Enrollment
Chart 4 shows the distribution of costs between the various payers for people with incomes up to and including 200% FPL.

Since the program's inception on September 1, 2002, about $43.7 million worth of prescriptions have been purchased by waiver participants. This includes $28 million paid by the state (and for which there will be federal financial participation) and about $15.3 million in participant payments for both deductible and co-payment share. The amount recorded for payments by third party insurance was about $368,000. In terms of the proportion of costs paid for by public funds, the current proportion is about 64%.

Chart 4: Distribution of Payments by Source from Program Inception to March 31, 2003 for Waiver Participants
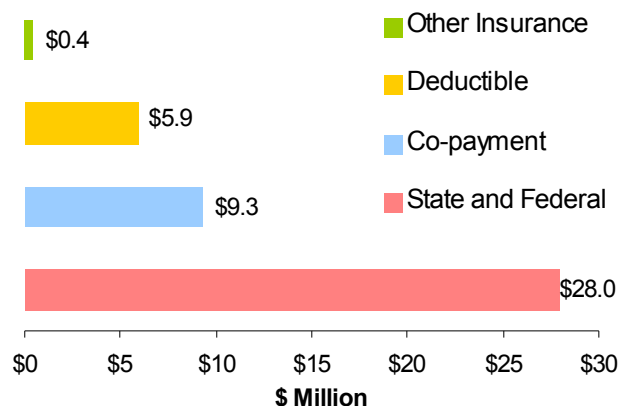
This is expected to continue to increase in subsequent quarters as people in the reach

their deductible and begin paying a lower share of the total.

Overall, enrollment and the resulting expenditures for the program remain very robust, although not quite as high as initially projected prior o the outset of the program.

Medicaid Aged Costs – Waiver Budget Neutrality
The tracking of expenditures for the Medicaid (MA) covered population aged 65 and over indicates that there is little danger

Chart 5: Budget Neutrality Tracking – Demonstration Year 1
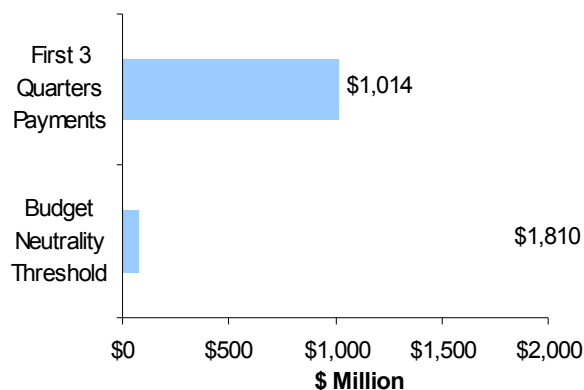
of violating the budget neutrality provisions of the waiver in the first fiscal year. With three-quarters of the fiscal year completed, total applicable costs are about $1 billion. Given the budget neutrality threshold of $1.8 billion for the year, it is most unlikely that costs will exceed the threshold.

Chart 5 illustrates the relative magnitude of the threshold and the amount paid over the first three quarters of the fiscal year. Appendix 2 provides a more detailed description of the budget neutrality components both for the quarter and for the fiscal year to date.

E. Policy

During the quarter there were no significant policy issues that caused difficulty pertaining to the waiver population in SeniorCare. There were developments in two areas, the administrative rule and the evaluation that bear noting.

Administrative Rule

During the quarter, a number of events took place relating to administrative rule promulgation. These ensured that the emergency rule would remain in effect and that the permanent rule would take effect on May 1, 2003. The following is a list of those events that took place during the quarter and the dates that they occurred.

January 23, 2003 - Hearing at Joint Committee for the Review of Administrative Rules (JCRAR) on request for 60-day extension of emergency rule.

January 27, 2003 - Public hearing conducted on permanent administrative rule. Only one person attended the hearing but she did not testify. One written comment was submitted, by the Council of Wisconsin Aging Groups/Elder Law Center.

January 28, 2003 - Legislative Council comments were received.

January 29, 2003 - Initial 150 day effective period of emergency rule would have expired.

February 4, 2003 - Report to Legislature was submitted, including responses to the public comment and comments from the Legislative Council Clearinghouse.

March 6, 2003 - Appearance by Jim Vavra and others before the Joint Assembly and Senate Long-term Care and Aging Committee.

March 27, 2003 - Joint committee for the review of administrative rules (JCRAR) hearing on request for final 60-day extension of emergency rule.

The process of promulgating the administrative rule was completed and the permanent rule went into effect on May 1, 2003

Third Party Evaluation
SeniorCare is being evaluated by a team lead by Dr. Donald Shepard of the Schneider Institute for Health Policy and the Heller School at Brandeis University. During the quarter members of the evaluations team conducted their first site visit to Wisconsin. The evaluation team members attending the site visit were Dr. Shepard, Roberta Constantine, Cindy Parks Thomas and Christine Bishop.

The visit occurred over two days, March 13 and 14. A complete agenda is attached as Appendix 3. In the period leading up to the visit, a number of e-mails and phone calls were exchanged in order to ensure the visit was productive and useful to the evaluators. This began with a draft agenda prepared by Brandeis staff indicating the nature of the questions they proposed to ask and an indication of the types of people they hoped to meet with and interview. Based on that request, Wisconsin staff contacted prospective interviewees and made arrangements for meetings with a number of people from both within and outside of the Department. The latter included members of the SeniorCare Advisory Committee and members of the Wisconsin state legislature.

The theme of the visit was to investigate and better understand the process of implementing the program from the initial legislative activity, through the signing of the bill through the planning and implementation of the program.

The Department acted as sponsors for the evaluation team, providing them with a conference room in the main Departmental building, and making transportation arrangements and introductions for meetings with people and organizations outside of the Department. By all indications the site visit was a success.

F. List of Appendices

1. Appendix 1. Enrollment and Expenditure Summary
2. Appendix 2. Budget Neutrality Report
3. Appendix 3. Evaluation Team Site Visit Agenda

Appendix 1
ENROLLMENT AND EXPENDITURE SUMMARY

For the Quarter January, February, March 2003

ENROLLMENT / DEMOGRAPHICS	Number	Percent
TOTAL PROGRAM ENROLLMENT	**82,373**	**100%**
Distribution by Income Level		
Co-payment (0 to 160% FPL) In Waiver	43,086	52%
Deductible (>160% to 200% FPL) In Waiver	17,452	21%
Subtotal in Waiver	**60,538**	
Deductible (>200% to 240% FPL) State Only	15,636	19%
Spenddown (>240% FPL) State Only	6,199	8%
Subtotal in State Only	**21,835**	
Distribution by Sex		
Male	22,241	27%
Female	60,132	73%
Distribution by Age Group		
Aged 65 to 74	28,831	35%
Aged 75 to 84	37,068	45%
Aged 85 +	16,475	20%
Distribution by Family Type		
Number of Participants - Single	49,424	60%
Number of Participants - Couple	32,125	39%

EXPENDITURES FOR PEOPLE WITH INCOME UP TO 200% FPL	Number	Percent
ONLY PARTICIPANTS IN THE WAIVER		
TOTAL PAID TO DATE	**$43,669,690**	**100%**
Distribution by Source of Payment		
State Paid to Date	$28,020,553	64%
Co-payment Paid to Date	$9,342,908	21%
Deductible Paid to Date	$5,938,451	14%
Spenddown Paid to Date	$0	0%
Other Insurance Paid to Date	$367,778	1%
Rebate Revenue Received to Date	$22,464	n.a.

EXPENDITURES FOR ALL FPL LEVELS	Number	Percent
ALL SENIORCARE PARTICIPANTS		
TOTAL PAID TO DATE	**$60,170,732**	**100%**
Distribution by Source of Payment		
State Paid to Date	$33,965,093	56%
Co-payment Paid to Date	$10,855,470	18%
Deductible Paid to Date	$12,007,917	20%
Spenddown Paid to Date	$2,744,313	5%
Other Insurance Paid to Date	$597,939	1%
Rebate Revenue Received to Date	$22,468	n.a.

Appendix 2
WAIVER BUDGET NEUTRALITY REPORT
For the Quarter January, February, March 2003

	Reporting Category	This Quarter	SFY To Date	Notes
	ENROLLMENT			
(A)	SeniorCare Enrollment	6,831	60,538	Includes only SeniorCare participants at or below 200% FPL.
(B)	MA Enrollment 65+	3,648	75,059	Excludes all SeniorCare enrollments, above and below 200% FPL. MA only.
	COSTS			
	MA Claims / Per Diems 65+	$310,701,473	$897,401,689	
	Other Waivers 65+	$23,573,316	$43,394,228	
	Financial Transactions 65+	$11,585,342	$44,894,159	
(C)	**Total Applicable MA Costs 65+**	**$345,860,131**	**$985,690,076**	
	Excluded IGT / URL Payments	$136,075,000	$317,508,333	Shown as requested, but they are **not** included in (C).
(D)	**SeniorCare Costs**	**$13,912,569**	**$28,020,553**	Includes only costs for people with income < or = 200% FPL.
(E)	**Total Applicable Costs (C+D)**	**$359,772,700**	**$1,013,710,629**	
(F)	Annual Budget Neutrality Threshold	n.a.	$1,809,720,561	From Terms & Conditions, Attachment 'B', for SFY 03.
(G)	Difference (F-E)	n.a.	$796,009,932	Positive value in Q4 (full SFY) indicates budget neutrality is maintained.

Appendix 3

Brandeis University Schneider Institute for Health Policy
Site Visit – Wisconsin – March 13 and 14, 2003

Brandeis Contact Persons
       Cindy Thomas cthomas@brandeis.edu 781-736-3921
       Donald Shepard Shepard@brandeis.edu 781-736-3975

Wisconsin Contact Persons
       Shawn Barry barrysj@dhfs.state.wi.us 608-266-9438
       Pam Appleby appleps@dhfs.state.wi.us 608-264-6724
       Russ Pederson pederrj@dhfs.state.wi.us 608-266-1720

Objective
To get an understanding of the Wisconsin SeniorCare program, directly from key
       individuals involved with different perspectives, to supplement documentation of
       program. Additionally, to suggest further areas for our analysis.

Brandeis Team
       Donald Shepard (Principal Investigator)
       Cindy Parks Thomas (Site visit lead researcher)
       Christine Bishop
       Roberta Constantine

INTERVIEW SCHEDULE
All Meetings in DHFS Room 372 unless otherwise indicated.

Thursday, March 13, 2003
8:00 am to 8:30 am
Welcome and Orientation
       Shawn Barry
       Pam Appleby
       Russ Pederson

Thursday, March 13, 2003
8:30 am to 10:00 am
SeniorCare Key Personnel (SeniorCare Core Team)
       James Vavra, Director, Bureau of Health Benefits and Policy
       Cheryl McIquham, Director, Bureau of Eligibility
       Ken Dybevik, Director, Bureau of Operations
       Alan White, Director, Bureau of Program Integrity
       Margaret Kristan, Director, HIRSP

Thursday, March 13, 2003
10:30 am to 12:00 pm
Senior Staff / Analysts
       Russ Pederson, Policy and Budget
       Shawn Barry, Policy and Budget
       Pam Appleby, Policy and Budget
       Kimberly Smithers - Operations
       LeeAnn Crye - Operations
       Evie Ryan-Tondryk - Eligibility
       Ann Marie Ott - Eligibility
       Richard Megna - Budget

Thursday, March 13, 2003
1:00 pm to 1:30 pm
Medicaid Management
       Mark Moody, Administrator, Division of Health Care Financing
       Peggy Handrich, Associate Administrator, Division of Health Care Financing
       Pris Boroniec, Associate Administrator, Division of Health Care Financing

Thursday, March 13, 2003
2:00 pm to 4:00 pm
Legislation / Policy Development
       2:00-3:00 Representative Gregg Underheim Room 11 North State Capitol
       Chairman, Assembly Health Committee
       3:00-4:00 Senator Judy Robson Room 5 South State Capitol
       Former Senate Health Committee chair, current ranking minority member of
       Senate Health Committee

Friday, March 14, 2003
9:00 am to 12:00 pm
At CWAG Building, Dairy Drive
Advisory Committee Members Including Provider Representatives
       All members invited, some unable to attend

Friday, March 14, 2003
1:30 pm to 3:00 pm
Room 372
SeniorCare DataMart Presentation
       Shawn Barry